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ORDERLY LIQUIDATION OF STOCKS OF AGRICULTURAL COMMODITIES HELD  
BY THE COMMODITY CREDIT CORPORATION AND THE EXPANSION OF MARKETS  
FOR SURPLUS AGRICULTURAL COMMODITIES

An Annual Report by the Secretary of Agriculture in response to  
Section 201(b), Public Law 540, 84th Congress

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Washington, D. C.

December 1961



This report is in response to the following parts of Section 201 (b), Public Law 540, 84th Congress, approved May 28, 1956:

". . . .The Secretary shall report annually on his operations under subsection (a) and such reports shall show --

- (1) the quantities of surplus commodities on hand;
- (2) the methods of disposition utilized and the quantities disposed of during the preceding twelve months;
- (3) the methods of disposition to be utilized and the estimated quantities that can be disposed of during the succeeding twelve months;
- (4) a detailed program for the expansion of markets for surplus agricultural commodities through marketing and utilization research and improvement of marketing facilities; and
- (5) recommendations for additional legislation necessary to accomplish the purposes of this section."

NOTE: Parts I, II and IV were written and compiled by the Office of the General Sales Manager, Foreign Agricultural Service on the basis of official figures compiled by the Fiscal and Budget Divisions of the Agricultural Stabilization and Conservation Service.

The topical sections of Part III were written by various agencies of the Department as indicated below:

Utilization Research and Development - Agricultural Research Service  
Expanding Domestic Markets - Economic Research Service  
Expanding Foreign Markets - Foreign Agricultural Service  
Forest Products Marketing and Utilization Research - Forest Service  
Improvement of Marketing Facilities - Agricultural Marketing Service



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## PART I

### QUANTITIES OF SURPLUS COMMODITIES ON HAND; SALES AND DISPOSITION METHODS USED; AND QUANTITIES OF CCC COMMODITIES MOVED INTO CONSUMPTION CHANNELS

The total cost value of CCC inventories decreased from \$7.2 billion as of June 30, 1960 to \$6.8 billion as of June 30, 1961. The \$6.8 billion total represents book value before deduction of reserve for losses and the inventory revaluation adjustment. Total cost value of CCC inventories as of June 30, 1961, after revaluation adjustment, amounted to \$5.6 billion. As of June 30, 1961, inventories acquired from price-support operations were revalued to exclude all storage and other costs incurred subsequent to acquisition of title to the commodities and to exclude the cost of storing on farms certain grain commodities while under extended loans prior to acquiring title. This downward adjustment of \$1,268,526,000 in the investment value of commodity inventories was offset by a corresponding reduction in the Reserve for Losses on inventories, and therefore had no effect on the Net Book Value of inventories as of June 30, 1961. CCC's total price support investment (cost value of inventories plus amounts pledged for price support loans) was approximately \$1.5 billion less than last year's total investment. High production of wheat, corn and grain sorghums resulted in increases in CCC inventories of these commodities but inventories of nearly all other commodities have been significantly reduced. (See Table I)

Sizeable gains were made in sales and other dispositions of CCC-owned commodities. In Fiscal Year 1961 sales and dispositions totaled \$4.0 billion as compared with \$3.6 billion the year before. Corn, wheat, grain sorghums and nonfat dry milk were the main commodities showing the strongest gains, while sales of cotton continued at about last year's high level.

#### CCC'S PRICE SUPPORT INVESTMENT

Composition of the total CCC inventory and changes in the inventory from Fiscal Year 1957 through 1960 are shown in Table 1.

Although CCC inventories of most commodities were reduced during the past year, wheat, corn and grain sorghum inventories and tobacco under loan as of June 30, 1961 still made up 91% of CCC's \$5,184,179,000 (after reserve for losses and revaluation adjustment) investment in price support loans and inventories. The investment of \$8.3 billion in price support loans and inventories as of June 30, 1961 (before adjustment for reserves and revaluation adjustment) compares with \$8.5 billion as of June 30, 1960. One of the most significant changes in inventory was the reduction of upland cotton which dropped from five million bales in 1960 to 1.9 million bales as of June 30, 1961. Other commodities showing sizeable decreases are barley, oats, rye, rice, peanuts and soybeans. All remaining stocks of linseed oil were moved out of inventory. (See Chart 1)

On the other hand, commodities pledged for loan increased slightly from \$1.3 billion as of June 30, 1960 to \$1.5 billion at the end of fiscal year 1961. Tobacco was an exception which declined from \$418 million to \$388 million. (See Table 2 which shows total CCC investment in commodities pledged for loans and commodities in inventory as of June 30, 1961.)

Sales and disposal programs were more effectively utilized to obtain the first sizeable reductions in CCC inventory in years.

Table I

COMMODITIES IN CCC INVENTORY AND TOBACCO UNDER LOAN TO CCC  
AS OF JUNE 30

Commodity	Unit of Measure	1957						1958						1959						1960						1961					
		Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value	Quantity	Cost Value		
Cotton, Extra Long Staple	Bales	1	\$ 424	1	\$ 496	1	\$ 29	29	\$ 8,523	44	\$ 12,527	43	\$ 11,943																		
Cotton, Upland	Bales	5,007	\$ 867,065	1,073	\$ 189,521	-	\$ 1,020	150,642	\$ 5,017	\$ 889,624	-	\$ 1,932	\$ 327,950																		
Cotton Linters	Pounds	17,519	2,089	-	-	-	-	-	-	-	-	-	-																		
Wheat	Bushels	823,946	2,259,855	834,921	2,300,133	1,146,576	2,924,384	1,195,369	3,049,680	1,242,518	-	-	-	-																	
Wheat Flour	Pounds	83,721	6,521	36,238	2,866	-	-	-	-	-	-	-	-																		
Corn	Bushels	803,256	1,477,449	1,028,032	1,857,759	1,043,676	1,861,306	1,158,237	2,063,668	1,261,016																					
Cornmeal	Pounds	6,950	549	23,697	1,899	-	-	-	-	-	-	-	-																		
Barley	Bushels	68,266	82,444	85,513	93,266	99,343	116,148	71,051	84,943	53,769																					
Oats	Bushels	27,398	22,551	29,940	20,904	46,838	34,307	15,096	11,605	10,358																					
Rye	Bushels	3,846	6,155	6,091	8,435	6,600	8,081	5,318	7,192	4,323																					
Grain Sorghums	Cwt	43,592	105,143	174,986	403,370	280,658	692,665	319,281	832,575	392,311																					
Butter	Pounds	91,670	54,984	117,359	69,907	72,001	42,270	105,357	61,940	159,531																					
Cheese	Pounds	209,615	80,374	124,343	47,488	26,055	9,162	7,728	2,800	17,673																					
Milk, Dried	Pounds	178,547	29,555	176,597	28,161	136,062	20,409	299,886	42,200	307,018																					
Beans, Dry Edible	Cwt	1,095	8,418	73	638	530	3,856	150	1,023	1,206																					
Rice, Milled	Cwt	1,306	13,778	3,632	37,221	3,347	35,571	6,588	41,892	4,293																					
Rice, Rough	Cwt	13,311	73,378	7,842	43,190	4,983	26,270	-	-	-																					
Seeds, Hay & Pasture	Pounds	64	17	35	9	-	-	-	-	-																					
Peanuts, Farmers' Stock	Pounds	12,896	1,495	37,539	3,748	72,773	7,777	16,644	1,661	16,546																					
Peanuts, Shelled	Pounds	72,872	13,145	52,907	9,471	77,032	12,458	103,762	16,814	70,188																					
Tung Oil	Cwt	-	-	14,631	3,236	14,369	3,047	18,593	4,017	4,828																					
Cottonseed Oil, Refined	Pounds	-	-	-	-	39,585	5,196	-	-	-																					
Cottonseed Oil, Crude	Pounds	-	-	-	-	74	10	-	-	-																					
Linseed Oil	Pounds	13,494	46,494	3,173	10,494	11,000	1,298	27	3	-																					
Flaxseed	Bushels	15,679	35,166	31,178	69,159	6,898	21,349	67	205	1																					
Soybeans	Pounds	-	-	53	5	54,852	120,324	20,380	45,916	1																					
Honey	Pounds	247,425	19,342	265,312	20,892	224,411	207	20	-	-																					
Rosin	Gallons	547	332	639	382	-	-	17,879	-	-																					
Turpentine	Pounds	31,169	20,900	-	15,951	10,694	11,089	7,364	-	-																					
Wool	Pounds	-	-	-	-	-	-	-	-	-																					
Tobacco	Strategic & Critical Materials	-	-	-	-	-	-	-	-	-																					
TOTALS		\$ 5,227,623	\$ 5,233,344					\$ 6,130,316	\$ 7,222,927	\$ 5,563,333																					
TOBACCO UNDER LOAN TO CCC																															
	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value	Quantity	Loan Value			
Tobacco	Pounds	946,407	\$ 577,508	900,731	\$ 566,884	892,475	\$ 580,181	667,785	\$ 417,671	609,524	\$ 387,851																				

a/ Cost Value after revaluation adjustment

Table 2

QUANTITY, INVESTMENT VALUE AND NET BOOK VALUE OF  
COMMODITIES PLEDGED FOR OUTSTANDING LOANS AND COMMODITIES IN  
PRICE-SUPPORT INVENTORY AS OF JUNE 30, 1961 and JUNE 30, 1960

(All Figures in Thousands)

Commodity	Unit of Measure	Investment as of June 30, 1961						Reserve for Losses	Total Net Book Value	Total Investment as of June 30, 1960 <sup>b/</sup>
		Pledged for Loans	Quantity	In Inventory	Total	Value <sup>a/</sup>	Quantity			
Corn Cotton, Extra Long Staple	Bushels	742,139	\$781,674	1,261,016	\$1,696,444	2,003,155	\$2,478,118	\$710,747	\$1,767,371	1,737,130
Cotton, Upland	Bales	1	253	43	11,943	44	12,196	1,443	10,753	19,583
Peanuts, Farmers' Stock	Bales	94	11,579	1,932	327,950	2,026	339,529	64,356	275,173	891,234
Peanuts, Shelled	Pounds	448	44	16,546	1,701	16,994	1,745	912	833	17,102
Rice	Pounds	-	-	70,188	11,174	70,188	11,174	4,544	6,630	103,762
Tobacco	Pounds	8	40	4,293	20,635	4,301	20,675	12,829	7,846	6,598
Wheat	Bushels	609,524	387,851	-	609,524	387,851	19,003	368,848	667,785	417,943
Wheat Flour	Bushels	125,595	222,684	1,242,518	2,484,114	1,368,113	2,706,798	854,994	1,851,804	417,671
Barley	Pounds	-	-	80	4	80	4	-	4	3,212,742
Honey	Bushels	41,837	33,827	53,769	48,312	95,606	82,139	21,052	61,087	111,791
Butter	Pounds	512	62	-	-	512	62	-	62	16
Cheese	Pounds	-	-	159,531	95,824	159,531	95,824	50,577	45,247	105,357
Milk, Dried	Pounds	-	-	17,673	6,681	17,673	6,681	6,631	50	7,728
Oats	Bushels	27,601	13,865	10,358	4,407	307,018	44,953	40,504	4,449	299,886
Rye	Bushels	1,594	1,296	4,323	4,437	5,917	5,733	3,478	16,794	35,723
Grain Sorghums	Cwt	12,519	19,580	392,311	759,997	404,830	779,577	57,911	721,666	5,733
Tung Oil	Pounds	1,636	384	4,828	1,012	6,664	1,396	-	1,396	327,854
Beans, Dry Edible	Cwt	-	-	1,206	7,922	1,206	7,922	5,123	2,799	38,254
Flaxseed	Bushels	15	35	1	3	16	38	-	38	110
Linseed Oil	Pounds	-	-	-	-	-	-	-	-	319
Rosin	Pounds	9,470	917	-	-	9,470	917	-	-	3
Turpentine	Gallons	1,730	906	-	-	1,730	906	440	466	335
Soybeans	Bushels	213	393	1	2	214	395	-	395	25,428
Strategic & Critical Materials	xxx	xxx	xxx	33,818	xxx	33,818	-	33,818	xxx	52,642
Totals		\$1,475,390	\$5,563,333	\$7,038,723	\$1,854,544	\$5,184,179			\$8,525,237	

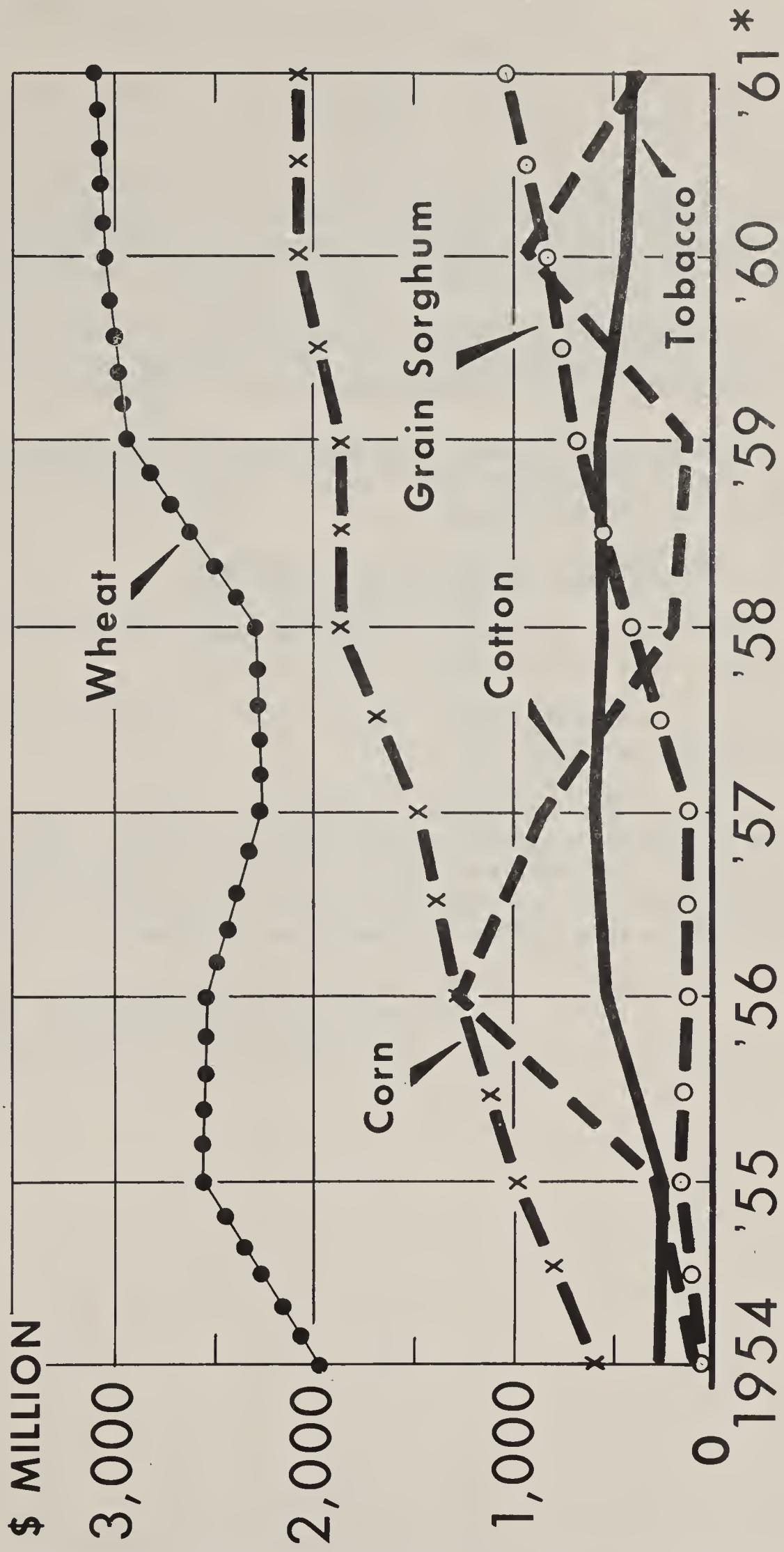
<sup>a/</sup> Cost value after revaluation adjustment

<sup>b/</sup> Book value before deduction of reserve for losses  
Note: As of June 30, 1961, inventories acquired from price-support operations were revalued to exclude all storage and other costs incurred subsequent to acquisition of title to the commodities and to exclude the cost of storing on farms certain grain commodities, while under extended loans prior to acquiring title.

Chart 1

**COST VALUE OF SELECTED COMMODITIES  
IN CCC INVENTORY AND TOBACCO UNDER LOAN TO CCC**

*Fiscal Years 1954 Through 1961*



\* BEFORE REVALUATION ADJUSTMENT

## CCC SALES PROGRAMS AND DISPOSAL METHODS

CCC sells or otherwise disposes of its commodities under five major programs: Commercial Sales for U. S. Dollars, Payment-in-Kind Programs, Barter, Sales for Foreign Currencies, Transfers and Donations. In its sales and disposal operations, CCC utilizes insofar as practicable the customary facilities and arrangements of trade and commerce. Under the above programs, CCC has developed various sales methods which are summarized by commodity in Table 3.

The quantities, cost value, and proceeds of CCC commodities moved out of inventory during the twelve months ending June 30, 1961, by sales and disposal programs are shown in Table 4.

Tobacco price support loan activity for Fiscal Year 1961, including sales of tobacco under loan to CCC (repayment and other loan credits), is shown in Table 5.

### 1. COMMERCIAL SALES FOR U. S. DOLLARS.

Dollar sales accounted for 53% of total CCC disposition during the Fiscal Year July 1, 1960 - June 30, 1961.

Dollar sales of cotton continued at approximately the same level of the previous year.

Increased CCC credit sales activity during the past year was mainly responsible for larger CCC dollar sales for export of corn, wheat, grain sorghums, and barley. Domestic dollar sales of corn, grain sorghums and dry milk were higher but domestic sales of wheat, barley, oats, rye, butter and soybeans declined.

TABLE 3  
METHODS OF SELLING CCC COMMODITIES  
June 1961

FOR EXPORT			FOR UNRESTRICTED USE (DOMESTIC OR EXPORT)	RESTRICTED USE (DOMESTIC)
Commodities Offered On Competitive Bids	Commodities Offered At Fixed Prices	Commodities Offered Under a Payment-in-Kind Program	Commodities Offered At Not Less Than the Statutory Minimum Either for Fixed Prices or Competitive Bids 1/	Commodities Offered At Fixed Prices
(1)	(2)	(3)	(4)	(5)
Peanuts	Nonfat Dry	Cotton (upland)	Cotton (upland) 3/	
Nonfat Dry Milk	Milk	Wheat	Cotton (extra long staple) 3/	
		Corn	Peanuts, edible	
		Oats	Peanuts, for crushing 4/	
		Barley	Wheat	
		Rye	Oats	
		Grain Sorghums	Barley	
		Rough Rice 2/	Corn	
			Rye	
			Grain Sorghums	
			Milled Rice	
			Rough Rice	
			Nonfat Dry Milk	
			Tung Oil	
			Dry Edible Beans	

1/ Sales of commodities in danger of deterioration are made at the best price obtainable.

2/ For export as milled, unpolished milled, or brown rice.

3/ May be exported under barter or credit programs.

4/ Statutory minimum not applicable when sold for crushing into oil or for export.

Table 4

DISPOSITION OF INVENTORIES ACQUIRED UNDER THE PRICE-SUPPORT PROGRAM BY  
TYPE OF DISPOSITION - FISCAL YEAR 1961

(All figures in thousands)

Commodity	Unit of Measure	Total Disposition	Sales for Dollars b/	P. L. 480 (Export) Title I c/	P. L. 480 (Export) Title II c/	Barter d/	Payment-in-Kind use £/	Transfers Domestic Export	Domestic Export	Donations h/ Export
BASIC COMMODITIES										
Corn:										
Quantity . . . . .	Bushels	279,780	211,557	19,400	1,869	25,097	796	58	-	468
Cost Value . . . . .		620,722	444,283	50,129	5,258	64,849	1,197	162	-	1,290
Proceeds . . . . .		319,741	198,721	61,318	6,506	29,240	835	90	-	-
Cornmeal:										
Quantity . . . . .	Pounds	544,578	31*	-	-	9,920	-	-	-	370,056
Cost Value . . . . .		20,791	1/	-	-	381	-	-	-	14,699
Proceeds . . . . .		388	1/	-	-	388	-	-	-	-
Cotton, Extra Long Staple:										
Quantity . . . . .	Bales	25	25	-	-	-	-	-	-	-
Cost Value . . . . .		7,102	7,101	-	-	-	-	-	-	-
Proceeds . . . . .		6,995	6,995	-	-	-	-	-	-	-
Cotton, Upland:										
Quantity . . . . .	Bales	10,876	9,217	1/	274	20	125	-	-	-
Cost Value . . . . .		1,788,935	1,514,497	21*	44,943	3,679	22,016	1,240	-	-
Proceeds . . . . .		1,644,353	1,389,888	3	47,060	3,291	15,085	203,816	-	-
Peanuts, Farmers' Stock:	1/									
Quantity . . . . .	Pounds	126,686	126,498	178	-	-	-	-	-	-
Cost Value . . . . .		9,264	9,244	19	-	-	-	-	-	-
Proceeds . . . . .		4,709	4,699	10	-	-	-	-	-	-
Peanuts, Shelled:										
Quantity . . . . .	Pounds	165,037	109,378	55,659	-	-	-	-	-	-
Cost Value . . . . .		24,797	15,384	9,413	-	-	-	-	-	-
Proceeds . . . . .		13,050	7,959	5,091	-	-	-	-	-	-
Peanut Butter:										
Quantity . . . . .	Pounds	21,207	-	-	-	-	-	-	-	-
Cost Value . . . . .		5,663	-	-	-	-	-	-	-	-
Proceeds . . . . .		3,977	-	-	-	-	-	-	-	-
Rice, Milled:										
Quantity . . . . .	Cwt	3,527	120	1/	379	77	-	-	-	-
Cost Value . . . . .		34,800	623	1/	3,589	731	-	-	-	-
Proceeds . . . . .		4,971	631	1/	3,921	419	-	-	-	-
Rice, Rough:	1/									
Quantity . . . . .	Cwt	5,667	2,617	1/	379	77	-	-	-	-
Cost Value . . . . .		30,256	13,705	7,512	3,589	731	-	-	-	-
Proceeds . . . . .		28,599	13,813	7,615	7,615	-	-	-	-	-
Tobacco, Owned:										
Quantity . . . . .	Pounds	39,117	-	-	-	-	-	-	-	-
Cost Value . . . . .		25,618	-	-	-	-	-	-	-	-
Proceeds . . . . .		25,618	-	-	-	-	-	-	-	-
Wheat:										
Quantity . . . . .	Bushels	210,728	16,386	13,584	73,986	20,194	30,090	54,706	-	40
Cost Value . . . . .		715,719	44,891	46,581	253,706	73,426	103,184	187,593	-	1,742
Proceeds . . . . .		619,476	30,563	27,259	293,642	86,387	64,681	116,944	-	321
Wheat Flour:										
Quantity . . . . .	Pounds	2,115,763	76*	-	-	-	-	-	-	1,119,958
Cost Value . . . . .		108,538	2*	-	-	-	-	-	-	56,842
Proceeds . . . . .		28,424	1/	-	-	-	-	-	-	-

(Continued on Next Page)

Table 4

DISPOSITION OF INVENTORIES ACQUIRED UNDER THE PRICE-SUPPORT PROGRAM BY  
TYPE OF DISPOSITION - FISCAL YEAR 1961

Commodity	Unit of Measure	Total Disposition	Sales for Dollars				Barter d/ Export d/	Payment-in-Kind e/ use f/ e/	Transfers g/ Domestic Export	Domestic Export h/ Export
			Domestic g/ Export g/	P. L. 480 (Export) Title I c/ Title II c/	P. L. 480 (Export) Title I c/ Title II c/	Unrestricted Export e/ use f/ e/				
DESIGNATED NONBASIC COMMODITIES:										
Barley:										
Quantity										
Cost Value										
Proceeds										
Butter:										
Quantity										
Cost Value										
Proceeds										
Cheese:										
Quantity										
Cost Value										
Proceeds										
Grain Sorghum:										
Quantity										
Cost Value										
Proceeds										
Honey:										
Quantity										
Cost Value										
Proceeds										
Milk, Dried:										
Quantity										
Cost Value										
Proceeds										
Milk, Fluid:										
Quantity										
Cost Value										
Proceeds										
Oats:										
Quantity										
Cost Value										
Proceeds										
Rye:										
Quantity										
Cost Value										
Proceeds										
Tung Oil:										
Quantity										
Cost Value										
Proceeds										

Table 4

DISPOSITION OF INVENTORIES ACQUIRED UNDER THE PRICE-SUPPORT PROGRAM BY  
TYPE OF DISPOSITION - FISCAL YEAR 1961

Commodity	Unit of Measure	Total Disposition	Sales for Dollars Domestic a/	P. L. 480 (Export)			Barter d/ (Export)	Payment-in-Kind e/ Unrestricted use £/	Transfers Domestic Export £/	Donations h/ Domestic Export
				Title I c/	Title II c/	Export b/				
OTHER NONBASIC COMMODITIES:										
Beans, Dry Edible:										
Quantity . . . . .	Cwt									
Cost Value . . . . .		790		233						
Proceeds . . . . .			6,306	1,616						
Flaxseed:										
Quantity . . . . .	Bushels									
Cost Value . . . . .		103		103						
Proceeds . . . . .			313	313						
Linseed Oil:										
Quantity . . . . .	Pounds									
Cost Value . . . . .		27		68						
Proceeds . . . . .			3	8						
Turpentine:										
Quantity . . . . .	Gallons									
Cost Value . . . . .		221								
Proceeds . . . . .			120							
Soybeans:										
Quantity . . . . .	Bushels									
Cost Value . . . . .		24,060		24,060						
Proceeds . . . . .			55,371	55,371						
TOTAL AGRICULTURAL COMMODITIES:										
Cost Value . . . . .		3,856,722		2,159,421						
Proceeds . . . . .			2,961,349	1,734,741	103,337	378,684	134,770	251,695	205,116	248,243
EXCHANGE COMMODITIES:					54,660	433,786	151,907	155,422	189,921	150,866
Cost Value . . . . .										
Proceeds . . . . .			200,810		-					
TOTAL PRICE-SUPPORT PROGRAM:										
Cost Value . . . . .		4,057,532		2,159,421		103,337	378,684	134,770	251,695	205,116
Proceeds . . . . .			3,162,291	1,734,741	54,660	433,786	151,907	155,422	189,921	150,866

\* Denotes negative item, usually resulting from adjustment of prior period transactions or inventory gains.

a/ Includes inventory gains, losses and related recoveries. Also includes quantitative gains and losses in processing operations.  
b/ Includes some sales which may be applied subsequently to barter contracts or P.L. 480, Title I authorizations. Any such reclassification will cause downward adjustments in "Sales for Dollars - Export."c/ Proceeds represent the Corporation's full investment amount charged to the statutory limitation.  
d/ Proceeds represent exchange value of strategic or other material to be delivered under contract.  
e/ Commodities delivered as payment in kind for export under P.L. 480 are included in P.L. 480 (Export) Title I column and are not included in this column.

f/ Includes sales for payment-in-kind certificates issued under the 1961 Feed Grain Program.

g/ Includes sales to Section 32 at lower of cost or market for distribution to relief or welfare outlets.

h/ Includes donations under Sections 202, 407 and 416, and miscellaneous donations under various other authorizations.  
i/ Less than five hundred.

j/ Includes sales of peanuts to oil refiners under contracts providing for repurchase as milled rice by CCC.

k/ Includes sales of rough rice to processors under conditional contracts providing for repurchase as milled rice by CCC.

TABLE 5  
Tobacco Price-Support Loan Activity for Fiscal Year 1961

TABLE 6

DISPOSITIONS OF CCC INVENTORIES ACQUIRED UNDER  
 PRICE SUPPORT PROGRAMS DURING THE YEARS ENDING  
 JUNE 30, 1960 AND JUNE 30, 1961  
 AND PERCENTAGE INCREASE OR DECREASE

Disposition	Method	Percent of Total	Dispositions : For Year Ending: <u>1/</u>	Dispositions : For Year Ending: <u>2/</u>	Percentage Change <u>2/</u> : Increase : Decrease
(Cost Value in 1,000 Dollars)					
Sales for Dollars					
Domestic		53	2,113,733	2,159,421	2
Export		3	<u>48,819</u>	<u>103,337</u>	112
			<u>2,162,552</u>	<u>2,262,758</u>	
P. L. 480					
Title I		- <u>3/</u>	3,288	4,629	41
Title II		3	61,456	134,770	119
Barter		6	227,744	251,695	11
Payment-in-Kind		21	677,117	827,414	22
Transfers					
Domestic		7	220,506	291,727	32
Export		- <u>3/</u>	<u>480</u>	<u>3,620</u>	654
			<u>220,986</u>	<u>295,347</u>	
Donations					
Domestic		3	113,519	111,605	2
Export		4	<u>130,894</u>	<u>169,314</u>	29
			<u>244,413</u>	<u>280,919</u>	
Total		100	3,597,556	4,057,532	13

1/ Fiscal Year 19612/ Rounded to nearest percent3/ Less than five tenths of one percent

## 2. PAYMENT-IN-KIND EXPORT PROGRAMS

Payment-in-Kind dispositions accounted for 21% of total CCC sales and dispositions during Fiscal Year 1961 (See Table 6). The dollar value of redemptions for certificates issued under payment-in-kind programs were 22% greater than last year. Certificate redemptions of corn, cotton, rice, wheat, barley and grain sorghums increased whereas redemptions of oats and rye were down. Quantities of commodities from commercial stocks earning payment-in-kind certificates and quantities of commodities redeemed from CCC stocks since inauguration of the payment-in-kind programs through June 30, 1961 are shown in Table 7.

TABLE 7

Commodity	:Beginning Date: of Payment-in-Kind Program :	:Quantities from Commercial Stocks: Unit: :	:Quantities Redeemed Earning PIK Certificates :	Quantities from CCC Stocks :
(1)	(2)	(3)	(4)	(5)
----- (In thousands)-----				
Wheat	Sept. 4, 1956	Bu.	1,872,760	489,860
Corn	May 12, 1958	Bu.	460,994	73,027
Barley	July 1, 1958	Bu.	216,032	35,267
Oats	July 1, 1958	Bu.	71,031 a/	7,353
Grain Sorghums	July 1, 1958	Bu.	220,248	21,700
Rye	July 1, 1958	Bu.	16,496	4,900
Rice	Dec. 15, 1958	Cwt.	36,441	5,008
Cotton	May 29, 1958	Bales	13,922 b/	3,214

a/ Because of reduced domestic supplies, export subsidy payments on oats since July 7, 1961 and rye since July 12, 1961 have been discontinued.

b/ Includes undetermined but substantial quantity purchased from CCC for unrestricted use.

## 3. BARTER

Dispositions of CCC commodities under barter were 11% greater than last year accounting for 6% of total CCC dispositions during the past year - about the same as last year's share of the total (See Table 6). Continuing action was taken during the year to assure to the maximum extent practicable that barter exports would not unduly disrupt world prices.

Cotton, wheat and rye showed sizeable increases whereas less barley, oats, grain sorghums, dairy products and soybeans were bartered. The amount of corn bartered was only slightly higher than last year.

#### 4. SALES FOR FOREIGN CURRENCIES

Title I sales are largely from privately-owned stocks and thus represented a small percent of CCC's total dispositions. (See Table 6). PIK commodities are made available under export programs from CCC stocks only under the barter, PIK, and CCC credit programs or under unusual circumstances.

#### 5. TRANSFERS AND DONATIONS

Transfers from CCC inventories to other U. S. Government agencies and donations of surplus commodities for domestic and foreign use accounted for approximately 7% each of CCC's dispositions in the year ended June 30, 1961. This is about the same as last year although the actual amounts of transfers and donations were higher this year.

## PART II

### THE METHODS OF DISPOSITION TO BE UTILIZED AND THE ESTIMATED QUANTITIES THAT CAN BE SOLD OR DISPOSED OF DURING THE SUCCEEDING TWELVE MONTHS

The methods of sales and dispositions to be utilized and the estimated quantities that can be moved during the succeeding 12 months in 1961-62 are given in tables on pages 17 through 33. These tables also reflect the estimated inventories and tobacco under loan to CCC as of June 30, 1962.

Two agreements have been signed under Title IV of P. L. 480. The first one is with El Salvador for sale of \$2 million worth of wheat. The second is with Venezuela for \$25 million covering sales of grain and grain products, dry edible beans, dairy products, cottonseed and soybean oil, fruits and vegetables and livestock products. Several other Title IV requests are presently under consideration.

The CCC Board of Directors have now authorized full use of Title IV in the drive to increase agricultural exports and as means of shifting at least some foreign currency sales to dollar sales.

It is expected that Title IV sales of agricultural commodities will increase considerably in the next year.

## EXPLANATION OF COMMODITY TABLES

Line 1 of each commodity table shows the CCC inventory for that commodity as of June 30, 1961.

Line 2 gives the estimated amount of the commodity which will come into CCC inventory between July 1, 1961 and June 30, 1962.

Line 3 is the sum of lines 1 and 2, and shows the total CCC supplies expected to be available for sale or other disposition during the year-July 1, 1961 through June 30, 1962.

The estimated sales and dispositions through the various methods described in Part I and Appendix I for the Fiscal Year 1961 are given in lines under item 4. A word of explanation is offered concerning dollar sales (line 4 A) and payment-in-kind dispositions. Dollar sales estimates, whether export or domestic, are limited to sales from CCC stocks. Quantities shown for payment-in-kind dispositions likewise come from CCC stocks, but they represent the estimated value of redeemed certificates which will be earned on the export of commodities primarily from commercial rather than from CCC stocks.

Dispositions under item 4 are all made from CCC stocks.

Line 5 shows the estimated remaining CCC inventory as of June 30, 1962.

The United States Code citations for the various legal authorities briefly cited in these tables are as follows:

P. L. 480, Title I	7 U. S. C. 1701-1709
P. L. 480, Title II	7 U. S. C. 1721-1724
P. L. 480, Title IV	7 U. S. C. 1731-1736
Sec. 407	7 U. S. C. 1427
Sec. 416	7 U. S. C. 1431
Sec. 202	7 U. S. C. 1446a
Sec. 402	22 U. S. C. 1922
Sec. 32	7 U. S. C. 612c

## COTTON

(Bales)

	Upland	Extra Long Staple
1. CCC Inventory 6/30/61	1,932,008	43,426
2. Takeover 7/1/61 - 6/30/62	-38	509
Total available for sale or other		
3. disposition during F.Y. 1962 (line 1 plus line 2)	1,931,970	43,935
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62		
A. Dollar Sales		
1. Domestic	487,607 <u>1/</u>	20,935
B. Payment-in-Kind - Domestic	21,641	-0-
C. P. L. 480 Title I	20,752	-0-
D. Barter	120,000	-0-
E. Total Dispositions	650,000	20,935
5. Estimated CCC Inventory 6/30/62	1,281,970	23,000

1/ Sales for unrestricted use (both export and domestic).

## WHEAT

	(Bushels)
1. CCC Inventory 6/30/61	1,242,517,998
2. Takeover 7/1/61 - 6/30/62	197,805,908
3. Total available for sale or other disposition during F.Y. 1962 (line 1 plus line 2)	1,440,323,906
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A.    Dollar Sales	
1.    Export	12,000,000
2.    Domestic	41,573,906
B.    Payment-in-Kind	
1.    Domestic	1,563,000
2.    Export	13,013,000
C.    P. L. 480 Title I	68,000,000
D.    P. L. 480 Title II	25,000,000
E.    P. L. 480 Title IV	4,000,000
F.    Barter	40,000,000
G.    Other (IWA)	26,875,000
H.    Donations	
1.    Export - Sec. 416	1,000,000
2.    Other (Research)	50,000
I.    Total Dispositions	233,074,906
5. Estimated CCC Inventory 6/30/62	1,207,249,000

## CORN

(Bushels)

1. CCC Inventory 6/30/61	1,261,015,983
2. Takeover 7/1/61 - 6/30/62	494,000,000
3. Total available for sale or other disposition during F.Y. 1962 (line 1 plus line 2)	1,755,015,983
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A. Dollar Sales	
1. Export	5,000,000
2. Domestic	81,788,983
B. Payment-in-Kind	
1. Domestic (Special Feed Grain Program)	600,000,000
2. Export	11,000,000
C. P. L. 480 Title I	17,500,000
D. P. L. 480 Title II	8,000,000
E. P. L. 480 Title IV	3,000,000
F. Barter	28,000,000
G. Other (Wildlife Feed)	127,000
H. Donations	
1. Export - Sec. 416	100,000
2. Domestic	500,000
I. Total Dispositions	755,015,983
5. Estimated CCC Inventory 6/30/62	1,000,000,000

## BARLEY

(Bushels)

1. CCC Inventory 6/30/61	53,769,441
2. Takeover 7/1/61 - 6/30/62	27,117,157
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	80,886,598
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A.    Dollar Sales	
1.    Export	-0-
2.    Domestic	11,686,598
B.    Payment-in-Kind	
1.    Exports	3,200,000
2.    Domestic (Special Feed Grain Program)	200,000
C.    P. L. 480 Title I	5,300,000
D.    P. L. 480 Title II	11,500,000
E.    P. L. 480 Title IV	1,000,000
F.    Barter	13,000,000
G.    Total Dispositions	45,886,598
5. Estimated CCC Inventory 6/30/62	35,000,000

## OATS

(Bushels)

1. CCC Inventory 6/30/61	10,358,337
2. Takeover 7/1/61 - 6/30/62	7,010,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	17,368,337
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A.    Dollar Sales	
1.    Export	-0-
2.    Domestic	10,006,398
B.    Payment-in-Kind - Domestic (Special Feed Grain Program)	50,000
C.    Total Dispositions	10,056,398
5. Estimated CCC Inventory 6/30/62	7,311,939

## GRAIN SORGHUMS

(Bushels)

1. CCC Inventory 6/30/61	700,555,193
2. Takeover 7/1/61 - 6/30/62	186,600,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	887,155,193
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A.    Dollar Sales	
1.    Export	500,000
2.    Domestic	26,755,193
B.    Payment-in-Kind	
1.    Domestic (Special Feed Grain Program)	160,000,000
2.    Export	3,900,000
C.    P. L. 480 Title I	2,000,000
D.    P. L. 480 Title II	2,000,000
E.    Barter	11,500,000
F.    Donations - Domestic 407	500,000
G.    Total Dispositions	207,155,193
5. Estimated CCC Inventory 6/30/62	680,000,000

## RYE

(Bushels)

1. CCC Inventory 6/30/61	4,322,721
2. Takeover 7/1/61 - 6/30/62	2,200,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	6,522,721
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A.    Dollar Sales	
1.    Export	-0-
2.    Domestic	252,721
B.    Barter	2,000,000
C.    Total Dispositions	2,252,721
5. Estimated CCC Inventory 6/30/62	4,270,000

## BUTTER

	(Pounds)
1. CCC Inventory 6/30/61	159,530,857
2. Takeover 7/1/61 - 6/30/62	400,000,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	559,530,857
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A. Dollar Sales	
1. Export	2,000,000
B. Trans. to Gov't. Agencies	
1. Export	8,000,000
2. Domestic	75,000,000
C. Barter	200,000
D. Donations	
1. Export - Sec. 416	75,000,000
2. Domestic - Sec. 202 Sec. 416 Other	30,000,000 104,730,857 1,000,000
E. Total Dispositions	295,930,857
5. Estimated CCC Inventory 6/30/62	263,600,000

## CHEESE

(Pounds)

1. CCC Inventory 6/30/61	17,673,017
2. Takeover 7/1/61 - 6/30/62	150,000,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	167,673,017
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A. Dollar Sales	
1. Export	2,000,000
B. Donations	
1. Export	-0-
2. Domestic - Sec. 202 Sec. 416 Other	1,500,000 115,173,017 1,000,000
C. Total Dispositions	119,673,017
5. Estimated CCC Inventory 6/30/62	48,000,000

## NONFAT DRY MILK

	(Pounds)
1. CCC Inventory 6/30/61	307,018,279
2. Takeover 7/1/61 - 6/30/62	1,150,000,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	1,457,018,279
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A.    Dollar Sales	
1.    Export	120,000,000
2.    Domestic	13,000,000
B.    P. L. 480	
1.    Title I	60,000,000
2.    Title II	25,000,000
3.    Title IV	15,000,000
C.    Barter	20,000,000
D.    Donations	
1.    Export - Sec. 416	620,018,279
2.    Domestic - Sec. 416	246,000,000
3.    Other	2,000,000
E.    Total Dispositions	1,121,018,279
5. Estimated CCC Inventory 6/30/62	336,000,000

## DRY EDIBLE BEANS

(Hundredweight)

1. CCC Inventory 6/30/61	1,205,903
2. Takeover 7/1/61 - 6/30/62	2,210,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	3,415,903
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A.    Dollar Sales	
1.    Export	200,000
2.    Domestic	297,568
B.    P. L. 480 Title II	25,000
C.    P. L. 480 Title IV	120,000
D.    Donations	
1.    Export - Sec. 416	555,000
2.    Domestic - Sec. 416	808,335
E.    Total Dispositions	2,005,903
5. Estimated CCC Inventory 6/30/62	1,410,000

## RICE

(Hundredweight)

	Rough	Milled
1. CCC Inventory 6/30/61	4,216,415	76,296
2. Takeover 7/1/61 - 6/30/62	5,108,265	2,186,704
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	9,324,680	2,263,000
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62		
A.    Dollar Sales		
1.    Export	-0-	-0-
2.    Domestic	3,124,680	-0-
B.    Payment-in-Kind		
1.    Commercial Exports	1,000,000	-0-
2.    P. L. 480 Title I	1,000,000	-0-
C.    P. L. 480 Title II	-0-	420,000
D.    Barter	600,000	-0-
E.    Donations		
1.    Export	-0-	-0-
2.    Domestic - Sec. 416	-0-	1,743,000
F.    Total Dispositions	5,724,680	2,163,000
5. Estimated CCC Inventory 6/30/62	3,600,000	100,000

## PEANUTS

(Pounds)

	FARMERS' STOCK	SHELLED
1. CCC Inventory 6/30/61	16,545,593	70,187,521
2. Takeover 7/1/61 - 6/30/62	74,000,000	95,000,000
3. Total available for sale or other disposition during F.Y. 1962 (line 1 plus line 2)	90,545,593	165,187,521
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62		
A. Dollar Sales		
1. Export	-0-	25,000,000
2. Domestic	90,545,593	125,187,521
B. Transfers		
1. Exports Sec. 402 (ICA)	-0-	-0-
2. Domestic Sec. 32	-0-	-0-
C. Processed to Shelled Peanuts	-0-	-0-
D. Total Dispositions	90,545,593	150,187,521
5. Estimated CCC Inventory 6/30/62	-0-	15,000,000

## TUNG OIL

	(Pounds)
1. CCC Inventory 6/30/61	4,828,206
2. Takeover 7/1/61 - 6/30/62	-0-
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	4,828,206
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A. Dollar Sales	
1. Export	4,828,206
B. Total Dispositions	4,828,206
5. Estimated CCC Inventory 6/30/62	-0-

## SOYBEANS

(Bushels)

1. CCC Inventory 6/30/61	1,077
2. Takeover 7/1/61 - 6/30/62	75,000,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	75,001,077
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A. Dollar Sales	
1. Export	-0-
2. Domestic	7,001,077
B. P. L. 480 Title IV	3,000,000
C. Total Dispositions	10,001,077
5. Estimated CCC Inventory 6/30/62	65,000,000

## HONEY

	(Pounds)
1. CCC Inventory 6/30/61	-0-
2. Takeover 7/1/61 - 6/30/62	5,000,000
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	5,000,000
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A. Dollar Sales	
1. Export	-0-
2. Domestic	-0-
B. Total Dispositions	-0-
5. Estimated CCC Inventory 6/30/62	a/ 5,000,000

a/ Estimated to be sold to Sec. 32 the following year.

## TURPENTINE

(Gallons)

1. CCC Inventory 6/30/61	- 0 -
2. Takeover 7/1/61 - 6/30/62	1,729,744
3. Total available for sale or other disposition during F. Y. 1962 (line 1 plus line 2)	1,729,744
4. Estimated Dispositions from CCC Inventory 7/1/61 - 6/30/62	
A. Dollar Sales	
1. Export	- 0 -
2. Domestic	200,000
B. Total Dispositions	200,000
5. Estimated CCC Inventory 6/30/62	1,529,744

### PART III

## A DETAILED PROGRAM FOR THE EXPANSION OF MARKETS FOR SURPLUS AGRICULTURAL COMMODITIES THROUGH MARKETING AND UTILIZATION RESEARCH AND IMPROVEMENT OF MARKETING FACILITIES

This part of the report discusses some recent developments in research that may be of special interest to the Congress.

### UTILIZATION RESEARCH AND DEVELOPMENT

#### OBJECTIVES

The Department's Utilization Research and Development program seeks, through systematic chemical and other scientific research, to create new and improved uses for agricultural commodities. By this means, utilization research strives to maintain traditional outlets and to develop new products and processes utilizing the products of American farms, particularly those in surplus. There is increasing emphasis on developing large volume industrial uses for agricultural materials. These new and improved products -- extending across the entire horizon of food, feed, and industrial uses -- are developed to meet specific needs of domestic markets and of foreign consumers. Successful utilization research enhances the use-value and competitive position of American farm products, thus benefiting the farmer, aiding industry, and providing consumers with better products.

#### UTILIZATION RESEARCH PROGRAM

Agricultural Research Service's utilization research is conducted in four regional laboratories and ten related field laboratories in close association with other Department research. Cooperative work -- some under contract -- is undertaken with State Experiment Stations, colleges and universities, and various industrial organizations. Ideas are exchanged with all segments of agricultural interests -- producers, manufacturers, storage and distribution groups, and ultimate consumers. A foreign program of utilization research, largely supported by funds generated under the P.L. 480 program, is well established in 11 countries of Europe, Asia, and South America to supplement the domestic work.

Utilization research to expand the uses for American farm products, especially those in surplus, is being pursued in the following areas:

##### A. Cereal Grains and Forages

Primary emphasis is on wheat and corn; substantial research also is conducted on other small grains such as rice, barley, grain sorghums, and oats, and on alfalfa and other forages.

New industrial uses through chemical modifications of the different major components of cereals, particularly dialdehyde starches for

improved wet-strength paper and tanning of leather, high-amylose starch derivatives for films and paper coatings, and chemically modified wheat flours for paper sizings.

Fermentative conversion of starch to new polysaccharides and similar polymers that have good promise as thickeners and dispersants for large-volume industrial uses; fermentative methods for producing nutritive feed and food supplements such as beta carotene; and fermentative processes for making toxicants, repellents, and attractants for control of insects.

Exploratory investigations to develop light-weight insulating and structural boards from wheat products.

Basic studies and development of processes for increasing the feeding value and efficiency of grains and forages.

New air-classification methods for fractionating cereal grains as a basis for "tailor-made" food, feed, and industrial products.

New processes to produce cereal foods that emphasize convenience-in-use, better flavor, and greater stability.

#### B. Oilseeds

Major consideration given to soybean, cottonseed, and linseed oils, meals, and related products; investigations also include castor, tung, and selected oilseeds resulting from the new crops screening program. Research stresses new and broadened industrial uses, and seeks to improve feed and food uses.

New chemical products derived from vegetable oils for new industrial uses -- polyvinyl ether films as protective coatings; linseed oil emulsion paints; acids, aldehydes and amides of industrial importance from soybean, linseed and cottonseed oils; urethane foams from castor oil; fire retardant coatings from tung oil.

Improved methods for extraction of oilseeds to achieve broadened industrial, food and feed uses.

Investigations to remove any toxic and allergenic constituents of castorseed and cottonseed to permit wider usage of these oilseeds in foods, feeds, and industrial products.

Fundamental studies on composition and properties of vegetable oils, as required for developing industrial products of economic utility and food products of higher quality, including oxidative modifications, color and flavor changes, fermentative transformations, selective hydrogenation, and polymerization reactions.

### C. Cotton and Wool

Investigations include chemical, physical and mechanical processing research and supporting fundamental studies of fiber properties and their modifications.

Chemical modification of cotton to give desired properties and uses-wash-wear garments; fabrics having flame, heat, tear, soil, rot and weather resistance; industrial products.

Processes and equipment for mechanical processing of cotton for improved opening, cleaning, carding, spinning, and fabric construction.

Chemical modification of wool to impart dimensional stability, permanent creasing, and other characteristics necessary for minimum-care garments; to improve resistance to acids and alkalies; to minimize carbonizing, heat and light damage.

Studies of the mechanical behavior of wool fibers, yarns, and fabrics as a basis for improved performance and new uses for wool.

Fundamental studies of chemical and physical properties of cotton and wool fibers necessary to the development of new products and new processes.

### D. New and Special Crops

Investigations directed to develop compositional data on crops from world-wide sources in an effort to find alternate crops to fill needs not now met by domestic sources; and to develop new and more economic uses for domestic special crops.

Screening of large numbers of plant materials, from both domestic and foreign sources, (a) for alternate crops, with special emphasis on sources of new types of oils for industrial uses that are not competitive with domestic vegetable oils and animal fats; (b) for new protein sources; and (c) for fiber plants suitable for pulp production.

Improved techniques for the processing of sugarcane, sugarbeet, and maple sap, and developing new uses for honey.

Development of new industrial chemicals from naval stores.

Compositional studies of spices and spice oils.

Research on the chemical composition of tobacco and tobacco smoke to assist industry achieve desired quality in tobacco.

### E. Poultry, Dairy and Animal Products

Research directed to discover new industrial outlets for animal fats

and hides, and to develop new food products -- of high quality, convenience, and consumer appeal -- from milk, poultry, eggs, and the more economical cuts of meat.

Research on milk products to develop processes for improved flavor, for gelation control, for removal of any radioactive contaminants, for producing a stable, full-flavored, foam-dried whole milk powder, and for new uses for whey.

New ways to utilize animal fats in lubricants, in detergents, and in plastics and other polymeric products.

New tanning and other processes to make leather more useful, especially in the garment field.

Ways to retain and improve flavor, increase stability, and impart tenderness to meat and poultry products.

Development of egg-yolk-containing and egg-white-containing products with acceptable dispersability, functionality, and flavor stability.

#### F. Fruits, Nuts, and Vegetables

Research aimed to develop fruit, nut and vegetable products that are attractive, economical, nutritive and meet the increasing demand for convenience-in-use, and to develop processes and equipment for manufacture of these products.

New processes for concentrating, drying, freezing, dehydrofreezing, and dehydrocanning of fruits and vegetables.

Time-temperature-tolerance studies of frozen fruit and vegetable products as a basis for improvement of processes and products.

New processes for stabilizing shelled nuts against development of rancidity, darkening and other deleterious changes.

Compositional and enzyme studies as requisites to development of new and improved processed fruit, nut, and vegetable products having greater color stability, better flavor, and enhanced textural properties.

#### EXAMPLES OF RECENT ACCOMPLISHMENTS

##### A. Wheat and Corn

A new process has been developed that uses dialdehyde starch, a USDA development, for imparting improved wet strength to all types of paper including towels, toilet and facial tissues, and heavier grades such as bag and blue-print papers. The new development has large-volume usage opportunity in the paper industry, which currently produces over two million tons annually of wet-strength papers.

In cooperation with the Office of Civil Defense Mobilization, a wheat wafer has been developed and evaluated for use in civil defense fallout shelters. This wheat wafer is stable, low in cost, and can be used in a wide variety of ways. In shelter habitability tests conducted by the Naval Radiological Defense Laboratory in cooperation with OCDM, the participants preferred this cereal-based ration over others under consideration.

New outlets for 10 million pounds per year of corn sugar have resulted from USDA-developed processes for production of three new chemicals now in commercial use in bottle washing compounds, pharmaceuticals, veterinary medicine, and aluminum etching processes.

B. Barley:

In cooperation with Washington State University, processes have been developed which substantially increase the nutritional value of barley feed products. The processes, also applicable to other cereal grain products, open new opportunities for producing high-energy growth rations for poultry and livestock, particularly in feed deficient Western areas suitable for barley production.

C. Rice:

Engineering research has developed operating procedures, applicable to present plants with little modification, by which rice drying capacity can be increased 50% without loss of quality, affords substantial reductions in operating costs, and permits more rice to be dried at optimum maturity thus avoiding undue field losses.

D. Cotton:

USDA utilization research has been a major factor in halting the inroads of synthetic fibers in cotton markets. The development of wash-wear cottons is responsible for use of more than a million bales of American cotton annually. Another utilization research accomplishment for cotton is the SRRL granular card, representing the only major improvement in carding in 200 years, which effects significant reduction in manufacturing costs of cotton products. Over 250 SRRL granular cards are currently installed in mills.

E. Linseed Oil:

Basic research has solved the problem of "after yellowing" developed by linseed oil paints applied to interior surfaces. Overcoming this difficulty should help expand the use of linseed oil for interior protective coatings.

#### F. Soybeans

Recent USDA developments have been major factors in the present use of over 300 million pounds annually of soybean oils in industrial products. Cooperative research with Japanese scientists has shown how American soybeans can be adapted to Japanese tastes, resulting in substantially increased demand for U. S. soybeans in that country.'

#### G. Animal Fats

Cumulative results of utilization research has made possible new uses for more than 600 million pounds annually of tallow that have been displaced from the traditional soap markets by synthetic detergents. These fats are now going principally into processed animal feed products, with increasing quantities finding use in plastics and lubricants.

#### H. Tobacco

Utilization research, in cooperation with industry, is isolating and identifying the various constituents in tobacco so that industry can improve quality of tobacco products.

#### I. Turpentine and Pine Gum

Research, conducted in cooperation with the Office of Rubber Reserve, has shown how turpentine can be transformed into excellent catalysts needed for the manufacture of "cold rubber." About 90% of the current annual production of 500,000 to 600,000 tons of GRS tread stock "cold rubber" is made with these catalysts using some 2 million pounds of turpentine. In other utilization research, a process has been developed for making rosin paper size directly from partially neutralized pine gum, with resulting lowered production costs and greater opportunity for expanding present uses of some 150,000 tons of rosin sizes.

## EXPANDING DOMESTIC MARKETS

Marketing research to expand domestic outlets for farm products in 1960-61 was carried forward at about the same level as in the preceding year.

### A. NEW PRODUCTS AND NEW USES

Market potential research in fiber, other industrial, feed, and food uses of agricultural commodities continues to be of value to interested groups in agricultural productions, processing, and marketing by providing facts as to the economic feasibility and possibilities of maintaining or expanding domestic markets for specific commodities.

Market potential studies contributed to the widespread use of fats in feeds. The result has been the development of a major market outlet that has stabilized prices for tallow and grease, particularly important in view of displacement in other markets such as soap by synthetic materials.

Several important lines of work are under way in the industrial and feed areas which will develop information to assist in expanding markets for cotton in plastic laminates, unextracted soybean meal in poultry feed, and fats and oils in new industrial uses.

Research indicates that considerable penetration has been made into the market for dehydrated mashed and frozen french fried potatoes in both the institutional and retail markets. Analyses of retail sales in four large metropolitan areas during 1960 disclosed that dehydrated mashed potatoes had penetrated the market for mashed potatoes to the extent that one pound of mashed was prepared from dehydrated flakes or granules for every six pounds from fresh potatoes. In the institutional market, even greater penetration has taken place--one pound of mashed potatoes was prepared from dehydrated for every 2 1/2 pounds from fresh. The long-term decline in total potato consumption has leveled off and consumption has increased. Increase in consumption of processed potatoes per person has more than offset the continued decline in consumption per person of fresh potatoes. The Department's original market test of potato flakes, a new form of dehydrated mash potatoes, delineated market possibilities for this product and assisted in hastening commercial acceptance.

Relative to other major fruits, the processing market for apples appears to be at less than its potential capacity. Research is under way to ascertain the possibility for expanding apple consumption through new processed forms. A market test of a superconcentrated apple juice has been carried out in Fort Wayne, Indiana. Results indicate that the product has excellent commercial possibilities and that it offers promise for increasing consumption of apples. A product test of dehydrofrozen apples among pie bakers in Baltimore, Philadelphia, and Washington, D. C., has been completed. Information obtained from bakers and other institutional

outlets indicates that many of the test users of the product would be willing to purchase the product for regular commercial use.

A market test for a canned, cooked convenient wheat product (bulgur, unseasoned and seasoned) is being carried out in Wichita, Kansas, in cooperation with the Kansas Wheat Commission and other Kansas State agencies. Preliminary results indicate that if the product were made available on a regular commercial basis it may achieve a sales rate comparable with sales for a number of other products offered by supermarkets.

During the post-World War II period, retail prices of bakery products have risen more than those of most other food products. The use of freezing may offer possibilities for reducing bread marketing costs and perhaps for expanding markets for bread by maintaining better quality through freezing. Research is under way to determine the extent of the use of freezing by the baking industry, the impact of freezing on production and distribution costs for bakery products, probably impact of freezing on availability and demand for bakery products, and the feasibility of more extensive use of freezing and distributing bread.

#### MERCHANDISING AND PROMOTION AND PUBLIC PROGRAMS

The Department's Pilot Food Stamp Program to assist needy families to obtain an adequate diet is being evaluated in terms of changes in retail store sales, particularly sales of fresh produce and meat, and in terms of changes in actual food consumption of participants in the program.

Sales of Florida oranges dropped significantly in Cleveland, Ohio, when only natural-color Florida oranges were offered in sample retail food stores. On the other hand, results indicated that either color-add or natural-color Florida oranges could be marketed with success in Philadelphia. In both test markets, sales of Florida oranges improved substantially when store customers were offered a choice of color-add and natural-color fruit.

Advertising and promotion by the Washington State Apple Commission emphasizing "health" and "use" appeals for fresh apples resulted in average sales increases (compared with no promotion) of 14 percent for all apples at the retail level, according to a study in which new techniques for evaluating promotion were used. This increase was accomplished without a significant reduction in apple prices or sales of other fruits. The use appeal (pies, salads, etc.) produced 11 percent greater sales than the health appeal for approximately the same promotional expenditure. Apple growers probably can market a greater volume of apples at present prices or the same volume at higher prices, with proper promotional and merchandising techniques.

Cooperative advertising with retailers by the American Sheep Producers Council showed sales increases (compared with no promotion) of 26 percent. The Council's regular program of direct consumer advertising featuring a consumer educational theme on use of lamb resulted in sales increases of 10 percent. In areas of both relatively high and low lamb consumption, cooperative advertising obtained greater retailer support and sales for lamb than the consumer educational program used regularly by the Council in past years.

Also, immediate sales returns per dollar expended were greater for cooperative advertising. The sales effects of the Council's consumer educational program on uses of lamb were more pronounced in the Midwest area, where lamb consumption is traditionally low.

A special promotional campaign to move excessively large stocks of frozen concentrated orange juice showed a sales gain of 13 percent. Price reductions of 2 to 3 cents per 6-ounce can of frozen orange concentrate at retail would have been necessary to obtain a comparable movement. Such price reduction would have amounted to a loss in sales revenues at retail of \$18 million. The cost of the promotional campaign was approximately \$3.7 million. Thus, returns to the promotional campaign at the retail level are estimated at around \$14 million. Increased returns to growers in selling the succeeding crop of oranges are estimated at several million dollars.

## EXPANDING FOREIGN MARKETS

The Department continued its program of analyzing foreign production, trade, prices, stocks, and market situations for the leading agricultural commodities produced in the world, and undertook a new approach to the analysis of foreign competition. Foreign commodity competition had been directed mainly toward major producing countries. Beginning this year more attention has been given to analyzing competition in the foreign market places where the competitive aspects of exporting come into sharp focus. These studies give particular attention to price, quality, packaging, consumer preferences, credit facilities, governmental trade arrangements, and related factors which condition the export sales of U. S. agricultural products.

The cooperative foreign market development program carried out through trade and agricultural groups was expanded somewhat and became more firmly established as part of the program to expand U. S. agricultural exports. During the year the program was operating on a global basis in more than 50 countries in cooperation with more than 40 trade and agricultural groups representing virtually all commodities available for export from the United States.

A Task Force composed of the industry and government representatives was established in March, 1961, to review this program and to make recommendations looking toward more effective operations. The principal recommendations of the Task Force were as follows:

- (1) Improve backstopping of the foreign market promotion program at home through the production of the kinds and qualities of commodities desired at competitive prices;
- (2) Provide a permanent basis for industry-government cooperation in foreign market development programs;
- (3) Expand activity in dollar areas and meet the needs in soft currency areas;
- (4) Strengthen both cooperator and government resources;
- (5) Increase attention to market analysis before starting programs and improve measurements of accomplishments;
- (6) Explore new market development techniques and keep alert to the programs of competing nations;
- (7) Streamline administrative procedures.

These Task Force recommendations either have been or are in the process of being implemented to strengthen this program.

In addition to the market development activities carried out overseas through trade cooperators, other activities designed to expand foreign markets are sponsored directly by the Department. These activities involve mainly the Department's program of International Trade Fair exhibits. To date almost 100 market promotion exhibits of U. S. food and agricultural products have been held in connection with international trade fairs and other special events overseas. These promotional displays and demonstrations have been held in 23 foreign countries and have reached more than 40 million people.

This year the Department sponsored its first "solo" show abroad. This exhibit, held in Hamburg, Germany during November, 1961, was a large prestige-type show held independently of any other special event and deals exclusively with American food and agricultural products. Because the United States is the world's leading producer and exporter of quality food and agricultural products and because Europe is the biggest market, this effort is designed to help create a more favorable image of U. S. food products in the minds of European consumers.

A second new step was also taken in connection with the Hamburg show. Previously U. S. agricultural exhibits abroad have been jointly sponsored by the Department and leading U. S. agricultural trade associations. Private firms have not taken direct part. In Hamburg, however, exhibit space was sold to commercial exhibitors of U. S. food and agricultural products for the first time.

The third new step in the field of government sponsored export activities was the launching of a Trade Center program. Agriculture opened its first permanent Trade Center office in London in cooperation with the Department of Commerce. Full time offices are maintained there to service trade between British importers and U. S. exporters. In all, 116 U. S. firms participated in the first exhibit of U. S. food products in the Trade Center and more than 1500 registered buyers attended the show where they could see deomonstrations of U. S. foods and discuss business with U. S. firms and their British representatives.

Continued progress was made in research aimed at developing new uses and expanding markets for wood, particularly for surplus low-grade timber and unused forest and mill residues. This work is conducted at both the Forest Products Laboratory and regional forest experiment stations of the Forest Service. Examples of recent work include the following:

Good progress was made in studies to evaluate the intrinsic wood quality in standing softwood timber. Unbiased data on the average density of species, the magnitude of differences between species, and the range of variation develop a firm basis for evaluating strength characteristics, pulp yields and other properties of the various softwoods needed to better establish their position in the lumber, plywood, pole and piling, pulp and other markets. Considerable work has been done in the southern states. Rapid progress is being made on a large-scale study of western species, in cooperation with forest industry groups.

Engineering research on novel methods of transport of forest products has been initiated. Included are studies of factors affecting helicopter logging costs.

Studies continue on the use of kerf chip saws and coarse feed sawing, including research on saws, tooth design, sawing methods, and related pulp-  
ing processes. This work is aimed at finding a way to saw that does not penalize the lumber produced while, at the same time, providing sawdust acceptable for pulp making.

Timber salvage opportunities through advance roading in old-growth Douglas-fir stands were studied in the Pacific Northwest. Current mortality on some 3 million acres of such timberlands approximates one billion board feet annually. Study results indicate the practicability of constructing roads in such stands well in advance of final harvest. Interest, maintenance charges and depreciation on the capital outlay for these roads can be met by returns from timber salvage. The principal factors affecting net returns from advance roading include timber quality and degree of stand decadence, species composition and volume, and costs of salvage logging as affected by accessibility, salvable volume and topography.

Possibilities for forest industry expansion were studied in southeastern Ohio. Although this 26-county area contains 60 percent of the State's forest land it supports only 20 percent of the State's wood-using industries. Annual sawtimber growth in the area is about 2 1/2 times the volume harvested. Factors which may be responsible for this imbalance include the low quality of hardwood timber, the many small ownerships, and a lack of capital investment. Surplus hardwood timber in this area is suitable for new plants manufacturing pulp, paper and paperboard, particleboard, charcoal, furniture, millwork, wooden containers, flooring, pallets and laminated beams.

An analysis of southern pine lumber distribution patterns showed that expanding markets in the South have partially offset a persistent decline in shipments to historic markets in the North. Some 55 percent of the southern

pine lumber cut is now being used within the State of origin and much of the remainder goes to a neighboring State. Among the causes for declining Northern shipments have been increasing competition from the West and rising freight rates for southern lumber.

## IMPROVEMENT OF MARKETING FACILITIES

During the 1961 Fiscal Year assistance in planning improvements in marketing facilities was given in 73 localities, 24 for the improvement of wholesale terminal marketing facilities, and 49 for improvement of processing and marketing facilities in production areas.

Assistance in planning the improvement of terminal wholesale marketing facilities in 24 localities included major studies in 5 cities. Follow-up assistance also was given in 6 communities for which studies of facility needs had previously been made including those in which sponsoring groups were working toward the completion of facility construction or planning replacement or expansion of existing facilities.

Work in production areas included a study of 3 farmers' wholesale fruit and vegetable markets where antiquated facilities are to be replaced with modern and efficient facilities and follow-up work in two additional areas. Studies of meat and livestock slaughtering facilities were started in 9 production areas. Thirty-seven studies to improve poultry and egg marketing facilities in 14 states were made during the past year. Of these, sets of plans and recommendations for construction of improved facilities were made for 15 such firms. Proposed plans for 11 other firms were reviewed and alterations suggested for improving efficiency of operation. Work with owners and operators of 11 firms in studying current processing methods and facilities resulted in recommendations for facility alteration in compliance with the requirements of the Federal Poultry Products Inspection Act.

The foregoing activities conducted at the request of and in cooperation with local authorities and trade groups are designed to maximize the movement of farm and food products through marketing channels at the lowest cost and with a minimum of deterioration and spoilage.

PART IV

RECOMMENDATIONS FOR ADDITIONAL LEGISLATION NECESSARY TO  
ACCOMPLISH THE PURPOSES OF THIS SECTION

The Department has no legislative recommendations to submit at this time, but proposals may be submitted at a later date.

## APPENDIX I

### LEGISLATIVE AUTHORITIES FOR CCC DISPOSITION METHODS

#### 1. DOLLAR SALES

##### Domestic

Section 407 of the Agricultural Act of 1949 as amended, places certain restrictions on domestic sales of CCC owned commodities. Under this section the general rule is that CCC may not sell for unrestricted use any basic agricultural commodity or storable nonbasic commodity at less than 5 percent above the current support price plus reasonable carrying charges.

Section 102 of the Agricultural Act of 1949, as amended which was added by Section 101 of the Agricultural Act of 1958, directed CCC during the period beginning August 1, 1959, and ending July 31, 1961, to offer any upland cotton owned by it for sale for unrestricted use at not less than 10 percent above the current level of price support for Choice (B) producers.

Section 407 provides further with reference to cotton that effective August 1, 1961, the Corporation shall not sell any upland or extra long staple cotton for unrestricted use at less than 15 percent above the current support price for cotton plus reasonable carrying charges; except that the Corporation may, in an orderly manner and so as not to affect market prices unduly, sell for unrestricted use at the market price at the time of sale a number of bales of cotton equal to the number of bales by which the national marketing quota for such marketing year is reduced below the estimated domestic consumption and exports for such marketing year pursuant to the provisions of Section 342 of the Agricultural Adjustment Act of 1938, as amended.

Public Law 85-96 (approved July 10, 1957) authorized the withdrawal of 50,000 bales of domestically grown extra long staple cotton from the national strategic and critical stockpile for sale by CCC in accordance with the pricing provisions of Section 407 of the Agricultural Act of 1949, as amended.

Public Law 87-5 permits delivery of feed grains at regular market prices in redemption of payment-in-kind certificates under the 1961 Feed Grain Program.

##### Export

Section 407 of the Agricultural Act of 1949, as amended, authorizes the sale of CCC-owned commodities for export without price restriction. Sales for export include sales made on condition that commodities of the same kind of comparable value or quantity be exported in raw or processed form.

Specific authorities with respect to export sales of cotton are as follows:

1. Section 203 of the Agricultural Act of 1956 directs CCC to encourage the export of cotton by offering to make cotton available at prices not in excess of

the level of prices at which cotton of comparable qualities is being offered in substantial quantities by other exporting countries. Such quantities of cotton are to be sold as will re-establish and maintain the fair historical share (as determined by the Secretary of Agriculture) of the world market for U.S. cotton.

### CCC Credit Program

Under authority of the CCC Charter Act and to encourage additional export sales for dollars, commercial sales of CCC commodities and tobacco under loan to CCC are made under the CCC Credit Program on a deferred payment basis for periods up to three years. With respect to payment-in-kind commodities, special restrictions are applicable to cash dollar markets. Interest is charged at the rate announced each month by CCC and runs from the period of delivery of the commodities to the U.S. exporter until the end of the deferred payment period. All sales under the program are made to U.S. exporters. In applying for credit, the exporter is required to state the extent to which he will pass on the credit to foreign buyers. An assurance of payment from a U.S. bank is required for all purchases.

### Title IV, Public Law 480

Title IV, Public Law 480, approved September 21, 1959, authorizes the President to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of quantities of surplus agricultural commodities for periods not to exceed 10 years providing such commodities are in surplus at the time the delivery is to be made. This legislation provides for repayment in dollars with interest at a rate not in excess of the cost of the funds to the United States Treasury. Repayment may be made in approximately equal annual amounts over periods of not to exceed 20 years from the date of the last delivery of commodities in each calendar year under the agreement.

## 2. BARTER

Several legislative authorities specifically authorize CCC to barter commodities for strategic materials or for certain other materials, goods, and equipment. The CCC Charter Act authorizes the barter of CCC commodities for strategic and critical materials produced abroad. Section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended, provides that the Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. Section 416 of the Agricultural Act of 1949, as amended, authorizes CCC to (a) make its commodities available to any federal agency for use in making payment for commodities not produced in the

United States, or (b) barter or exchange such commodities for strategic or other materials as authorized by law. Also see Public Law 765, 83rd Congress, as amended. 1/

### 3. SALES FOR FOREIGN CURRENCIES 2/

Title I, Public Law 480, as amended, authorizes sales of U. S. surplus agricultural commodities for foreign currencies. These sales are made through private trade channels pursuant to Government-to-Government agreements with friendly nations. Public Law 87-128 extended Title I of P.L. 480 for an additional three years through December 31, 1964 but placed a limitation of \$2.5 billion for any one calendar year. The requirement that the exchange rate applicable to Title I sales be as favorable as those at which U.S. agencies can buy foreign currency was added by this law.

### 4. TRANSFERS AND DONATIONS

#### Domestic

There are a number of different authorities under which domestic transfers and donations are made. Purchases are made from CCC inventories under Section 32, Public Law 320, 74th Congress, as amended, and supplemented. This legislation authorizes the donation of agricultural commodities and products for relief and school lunch program purposes.

Section 416 of the Agricultural Act of 1949, as amended, authorizes CCC, in certain circumstances, to donate food commodities acquired through price support programs to the Bureau of Indian Affairs and to federal, state, and private agencies for use in the United States in non-profit school lunch programs and in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent needy persons are served.

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1/ Section 407, Public Law 765, 83rd Congress, as amended, authorizes the Secretary of Defense to construct or acquire by lease or otherwise family housing for occupancy as public quarters in foreign countries through the use of foreign currencies in accordance with provisions of P.L. 480, or through other commodity transactions of CCC. Reimbursement is made to CCC by the Department of Defense from savings in Quarters Allowance.

2/ Section 402 of the Mutual Security Act of 1954, as amended, required that a specified amount of Mutual Security Act appropriated funds be used to finance the sales and export of surplus agricultural commodities produced in the U. S. Mutual Security Act programs were administered by the International Cooperation Administration (ICA). Except for a minor amount of transfers to ICA, CCC received dollars for ICA-financed purchases of commodities from CCC. Such sales are included in CCC dollar sales.

Public Law 86-756, as amended by Public Law 87-179, authorizes schools receiving surplus foods from the Department for school lunch purposes to use such foods in training high school students in home economic courses. It also provides that such schools may use the donated surplus foods to train college students if the same facilities and instructors are used to train college students in home economic courses.

Section 407 of the Agricultural Act of 1949, as amended, directs CCC to make available farm commodities or products for use in relieving distress in areas determined by the President of the United States to be acute distress areas because of unemployment or other economic causes and also in connection with any major disaster determined by the President of the United States to warrant assistance under Public Law 875, 81st Congress.

Public Law 87-127 further amended Section 407 to permit more expeditious relief, in that the Secretary can make feed owned or controlled by CCC available at not less than 75% of the current support price when it is determined by the Secretary that an emergency exists.

Public Law 654, 84th Congress, directs CCC to make available to the Secretary of Interior grains acquired through price support operations as the Secretary of Interior may requisition for the purpose of preventing crop damage by migratory waterfowl.

To the extent that such quantities are in excess of usual commercial purchases, Section 202 of the Agricultural Act of 1949, as amended, directs CCC to make its stocks of dairy products available to the armed services and to veterans' hospitals without charge, except that such agencies shall pay CCC for the cost of packaging.

Section 210 of the Agricultural Act of 1956 authorizes CCC to donate food commodities acquired through price support programs to federal penal and correctional institutions, and to State correctional institutions for minors other than those in which food service is provided for on a fee, contract, or concession basis.

Public Law 87-152 authorizes the Secretary of Interior to requisition grain from CCC for the purpose of feeding migratory birds when threatened with starvation and authorizes the use of CCC owned grain by the States for emergency use in the feeding of resident game birds and other resident wildlife.

#### Foreign

Section 416 of the Agricultural Act of 1949, as amended, authorizes CCC, in certain circumstances, to donate commodities acquired under the price support programs to non-profit voluntary agencies and to intergovernmental organizations for use in the assistance of needy persons outside the United States.

Section 308 of P.L. 480, as amended, authorizes CCC to donate for foreign relief fats and oils from its stocks or such quantities of fats and oils pur-

chased by CCC as the Secretary determines will tend to maintain the support levels for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480) directs CCC to make available to the President of the United States commodities for donation to friendly nations and friendly but needy populations without regard to the friendliness of their governments to meet famine or other urgent or extraordinary relief requirements. Public Law 87-128 extended the authority contained in Title II through December 31, 1964.

##### 5. PAYMENT-IN-KIND EXPORT PROGRAMS

Payment-in-kind export programs have been developed through authority of the CCC Charter Act.

During the 1960-61 cotton marketing year, CCC continued the "payment-in-kind" export program on upland cotton. To encourage exports through usual commercial trade handling, subsidy payments in the form of negotiable certificates computed at the rate of 6 cents per pound of cotton exported were made to exporters who shipped eligible cotton. Certificates could be used to pay for cotton purchased under CCC sales programs. A payment-in-kind program similar to that for 1960-61 is in operation for upland cotton exported during the 1961-62 marketing year. The rate of payment has been 8.5 cents per pound up to this time. The announced rate is subject to change without prior notice.

Public Law 87-5 provided for payment-in-kind to producers for the diversion of corn and grain sorghums acreage under the 1961 Feed Grain Program.

Other payment-in-kind export programs were carried out in the same manner as reported last year.





